

Message Text

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ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 EURE-00 SSO-00 USIE-00 INRE-00

NSCE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 EB-11

FRB-02 H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10

PA-03 RSC-01 AID-20 CIEP-02 SS-15 STR-08 TAR-02

TRSE-00 PRS-01 OMB-01 OIC-04 AF-10 ARA-11 EA-11

NEA-10 RSR-01 /213 W

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O P 261553 Z JUN 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 5403

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS PRIORITY UNN

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY DUBLIN PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY LUXEMBOURG PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY THE HAGUE PRIORITY

USMISSION OECD PARIS PRIORITY UNN

USMISSION GENEVA PRIORITY

UNCLAS SECTION 1 OF 2 EC BRUSSELS 3520

E. O. 11652: N/A

TAGS: EAGR, ETRD, EEC, US, GATT

SUBJECT: JUNE 25-26 EC COUNCIL (FOREIGN MINISTERS) - FIRST SESSION:
PREPARATIONS FOR MTN

REF: A) EC BRUSSELS 3410; B) EC BRUSSELS 3386; C) EC BRUSSELS 3375

1. SUMMARY: THE EC COUNCIL MEETING IN LUXEMBOURG OPENED WITH A
DISCUSSION OF THE COMMUNITY' S POSITION FOR THE FORTHCOMING
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MULTILATERAL TRADE NEGOTIATIONS (MTN). FOLLOWING AN 18- HOUR
SESSION WHICH ENDED AT 4 A. M., THE COUNCIL REACHED GENERAL AGREE-
MENT ON THE COMMUNITY' S OVERALL POSITION REGARDING THE MTN.
BASED ON PRELIMINARY INFORMATION, THE FOLLOWING ARE THE HIGH

POINTS OF THE POSITION: THE COMMUNITY WILL MAINTAIN A LINKAGE, ALTHOUGH THAT WORD IS NOT USED, BETWEEN MTN AND THE REFORM OF THE INTERNATIONAL MONETARY SYSTEM; THERE IS NO MENTION OF ZERO TARIFFS AS A GOAL OF THE NEGOTIATIONS; AND THE AGRICULTURAL PORTION OF THE COMMUNITY POSITION WILL MAKE CLEAR THAT THE PRINCIPLES AND MECHANISMS OF THE CAP ARE NOT SUBJECT TO NEGOTIATION.

2. THIS TELEGRAM REPORTS ON THE MTN DISCUSSIONS. THE COUNCIL ALSO DECIDED TO LOCATE THE EUROPEAN MONETARY COOPERATION FUND IN LUXEMBOURG AND HAD AN INITIAL EXCHANGE OF VIEWS ON THE PREPARATIONS FOR THE NEGOTIATIONS WITH THE AFRICAN ASSOCIATES AND COMMONWEALTH ASSOCIATES. THE COUNCIL IS CONTINUING TO MEET ON JUNE 26 AND IS SCHEDULED TO DISCUSS GATT ARTICLE 24:6 NEGOTIATIONS, GRAIN STANDSTILL RIGHTS, THE COMMUNITY'S MEDITERRANEAN POLICY, INDUSTRIAL AND TECHNOLOGICAL POLICY, AND IMPROVEMENTS IN COUNCIL WORKING PROCEDURES. END SUMMARY.

3. AT THE BEGINNING OF THE COUNCIL MEETING FOREIGN MINISTERS SCHEEL AND JOBERT ANNOUNCED THEY HAD TO DEPART THE EVENING OF THE FIRST DAY. THE COUNCIL THEREFORE DEVOTED ALMOST THAT ENTIRE DAY TO A DISCUSSION OF THE COMMUNITY'S POSITION OF MTN. THE GOAL OF THESE DISCUSSIONS WAS NOT TO PRODUCE A MANDATE FOR THE COMMISSION FOR THE TALKS AT GENEVA OR TOKYO, LET ALONE AT THE MTN ITSELF, BUT RATHER TO REACH AGREEMENT ON THE COMMUNITY'S OVERALL APPROACH TO THE NEGOTIATIONS. AS WAS THE CASE IN THE KENNEDY ROUND, A SPECIFIC MANDATE WILL BE GIVEN BY THE COUNCIL TO THE COMMISSION LATER AT EACH STAGE OF THE MTN.

4. THE COUNCIL'S DISCUSSION OPENED WITH AN EXPRESSION OF VIEWS OF EACH MEMBER STATE ON THE GENERAL PRINCIPLES BEHIND THE COMMUNITY'S POSITION FOR THE FORTHCOMING MTN. THE FRENCH INSISTED STRONGLY ON A LINK BETWEEN MTN AND " PROGRESS IN THE MONETARY FIELD." IN THIS REGARD, REFERENCE WAS MADE TO THE GOALS LISTED IN THE COMMUNIQUE ISSUED IN OCTOBER 1972 AT THE CONCLUSION OF THE PARIS SUMMIT REGARDING DESIRED CHANGES IN THE INTERNATIONAL MONETARY SYSTEM. THE WORDING WHICH WAS FINALLY ADOPTED IS AS FOLLOWS, ACCORDING TO A UK SPOKESMAN: " THE COMMUNITY WILL ASSESS
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PROGRESS MADE IN THE MONETARY FIELD IN LIGHT OF THE PROGRESS MADE IN THE TRADE NEGOTIATIONS. IT WILL TAKE SUCH PROGRESS INTO ACCOUNT IN DRAWING UP ITS FINAL POSITION IN THE MULTILATERAL TRADE NEGOTIATIONS."

5. DURING THE GENERAL DISCUSSION, THE COUNCIL ALSO AGREED THAT THE MTN SHOULD NOT BE USED TO REMEDY DISEQUILIBRIUM OF ANY PARTICIPATING STATE IN ITS BALANCE OF PAYMENTS " AND IN PARTICULAR MTN WOULD NOT BE APPROPRIATE FOR FINDING NEW SAFEGUARDS CLAUSES TO THAT EFFECT."

6. ON INDUSTRIAL TARIFFS, THE DANES, WHO HAD INSISTED ON A POSITIVE REFERENCE TO ZERO TARIFFS AS A GENERAL OBJECTIVE, AND THE FRENCH,

WHO WANTED A NEGATIVE REFERENCE TO THE GOAL OF ZERO
TARIFFS, BOTH DROPPED THEIR OBJECTIONS, AND NO REFERENCE (POSITIVE
OR NEGATIVE) TO THE GENERAL GOAL OF ZERO TARIFFS WILL BE INCLUDED
IN THE COMMUNITY' S POSITION. THE PAPER WILL REFER TO " SPECIAL
ARRANGEMENTS" REGARDING TARIFF REDUCTIONS, AND THE AGREED MINUTES
OF THE COUNCIL MEETING WILL REFLECT THE AGREEMENT THAT SPECIAL
ARRANGEMENTS WILL MEAN THAT THE COMMUNITY WILL BE FREE TO MOVE
EITHER TOWARD ZERO TARIFFS OR UPWARD, ACCORDING TO THE PARTICULAR
SITUATION. THE PAPER WILL STATE
THAT THE COMMUNITY' S OBJECTIVE IS A SIGNIFICANT LOWERING OF
TARIFFS AS A MEANS OF CONTRIBUTING TO INTERNATIONAL TRADE STABILITY.
WE UNDERSTAND THAT THE HARMONIZATION CONCEPT IS RETAINED WITHOUT
USING THE TERM, BUT THE PRECISE LANGUAGE IS NOT YET AVAILABLE.

7. ON NON- TARIFF BARRIERS THE PAPER WILL REFER TO THE WORK BEING
CARRIED OUT IN GATT AND OECD, BUT THERE WILL BE NO
OTHER REFERENCE IN THE COMMUNITY' S PAPER TO SPECIFIC LISTS OF NTBS.

8. IT WAS AGREED THAT THE COMMUNITY' S POSITION SHOULD INCLUDE A
REFERENCE TO SAFEGUARDS. THE COMMUNITY WISHES TO HOLD TO GATT
ARTICLE 19 AND WILL LOOK TO BETTER APPLICATION IN ITS PRACTICAL
MODALITIES.

9. THE NIGHT' S LONGEST DISCUSSION CENTERED ON THE COMMUNITY' S
AGRICULTURAL POLICY AND THE PART IT WILL PLAY IN MTN. THE FRENCH
HAD SUBMITTED A SHORT, VERY RESTRICTIVE PAPER WHICH THEY WITH-
DREW AT THE BEGINNING OF THE EVENING AND REPLACED WITH A NEW TEXT
WHICH THE OTHER MEMBER STATES FOUND HARDLY MORE ACCEPTABLE. THE
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AGRICULTURAL PORTION OF THE COMMUNITY' S POSITION WAS FINALLY
RESOLVED BY DIFFICULT DISCUSSIONS ON A PARAGRAPH- BY- PARAGRAPH
BASIS.

10. IN THE AGRICULTURAL PART OF THE PAPER ON THE COMMUNITY' S
POSITION, THERE WILL BE NO REFERENCE TO THE REFORM OF COMMUNITY
STRUCTURES. THE PAPER WILL BEGIN WITH A PARAGRAPH WHICH POINTS
OUT THAT AGRICULTURE, WHILE SUBJECT TO SOME OF THE SAME CONSIDERATIONS

AS INDUSTRIAL PRODUCTS, IS A DIFFERENT SUBJECT AND REQUIRES
SPECIAL TREATMENT. THERE WILL THEN BE A PARAGRAPH WHICH STATES
THAT THE PRINCIPLES AND MECHANISMS OF THE CAP SHALL NOT BE CALLED
INTO QUESTION AND, THEREFORE, ARE NOT SUBJECT TO NEGOTIATION.
THE PAPER WILL THEN STATE THAT THE COMMUNITY' S OBJECTIVE IN THE
MTN DISCUSSIONS ON AGRICULTURE WILL BE TO CONTRIBUTE TO THE DE-
VELOPMENT AND STABILITY OF WORLD TRADE AND THAT THE COMMUNITY WILL
PARTICIPATE IN GOOD FAITH IN INTERNATIONAL DISCUSSIONS.

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NSCE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 EB-11

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11. THE AGRICULTURAL PART OF THE PAPER WILL ALSO STATE THE COMMUNITY' S READINESS TO ENTER INTO INTERNATIONAL AGREEMENTS ON " PRODUCTS SUCH AS CEREALS, RICE, SUGAR AND CERTAIN DAIRY PRODUCTS." THESE INTERNATIONAL AGREEMENTS SHOULD INCLUDE A REFERENCE TO STOCKPILING AND FOOD AID. FOR OTHER AGRICULTURAL PRODUCTS, THE COMMUNITY COULD AGREE TO NEGOTIATE INTERNATIONAL ARRANGEMENTS. THE PAPER WILL NOT USE THE TERM " CODE OF GOOD CONDUCT." FINALLY, THE PAPER WILL STATE THAT WHEN WORLD MARKETS ARE STABILIZED BY COMMODITY AGREEMENTS OR OTHER MEANS, THE CAP SYSTEM OF LEVIES UNCLASSIFIED

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WILL BE ADAPTED TO THE INTERNATIONAL SITUATION.

12. IN A COMMENT AT THE CONCLUSION OF THE SESSION ON MTN, COMMISSION MEMBER GUNDELACH STATED TO THE PRESS THAT THE COMMUNITY CAN NOW TALK WITH THE US AND OTHERS AT GENEVA NIEXT MONTH. HE SAID THAT THE COMMUNITY HAS A GREATER DEGREE OF AGREEMENT ON ITS POSITION THAN IT HAD AT THE BEGINNING OF THE KENNEDY ROUND. HE CHARACTERIZED THE NIGHT' S WORK AS A SLIGHT GAIN FOR THE

COMMISSION' S POSITION ON MTN, ALTHOUGH HE ADMITTED THAT IT WAS
CLOSE TO A TIE BETWEEN FRANCE AND THE OTHERS.

13. IT SHOULD BE STRESSED THAT THE ABOVE IS ONLY A PRELIMINARY
ACCOUNT OF THE COUNCIL' S DISCUSSION OF THE COMMUNITY' S POSITION
ON THE MTN. GREENWALD

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<< END OF DOCUMENT >>

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TAGS: EAGR, ETRD, US, EEC, GATT
To: STATE INFO BONN
BRUSSELS UNN
COPENHAGEN
DUBLIN
LONDON
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ROME
THE HAGUE
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